Diversion of funds by private companies

5022. SHRI C. RAMACHANDRAIAH:
SHRIMATI VANGA GEETHA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has detected that a large number of companies have diverted funds taken from public sector banks and State Bank of India and its associates;

(b) whether this type of instances have come to notice in regard to foreign banks also;

(c) if so, the cases of diversions that have come to notice during the last three years and the names of scheduled banks in whose cases diversion of loans has taken place; and

(d) what steps have been taken to check this practice and recover the funds so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) Reserve Bank of India (RBI) has reported that on the basis of the information received from the 95 scheduled commercial banks, diversion of funds were noticed in about 1000 cases during the last 10 years. However, the data reporting system of RBI does not generate the information relating to funds diverted by companies specifically.

(d) In most of such cases, the banks have either recalled the advances or have initiated legal action by filing suits for recovery of amounts. Incertain cases FIRs have also been lodged with the police and some cases are under reference to Board for Industrial and Financial Reconstruction (BIFR)/Appellate Authority for Industrial and Financial Reconstruction (AAIFR).

Depositors of Charminar Bank of Hyderabad

5023. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that 82,000 depositors of Charminar Bank of Hyderabad belong to one community residing in five districts of Andhra Pradesh;

(b) if so, whether Reserve Bank of India has expressed apprehension that a large number of banks run the risk of harbouring ISI influenced depositors; and